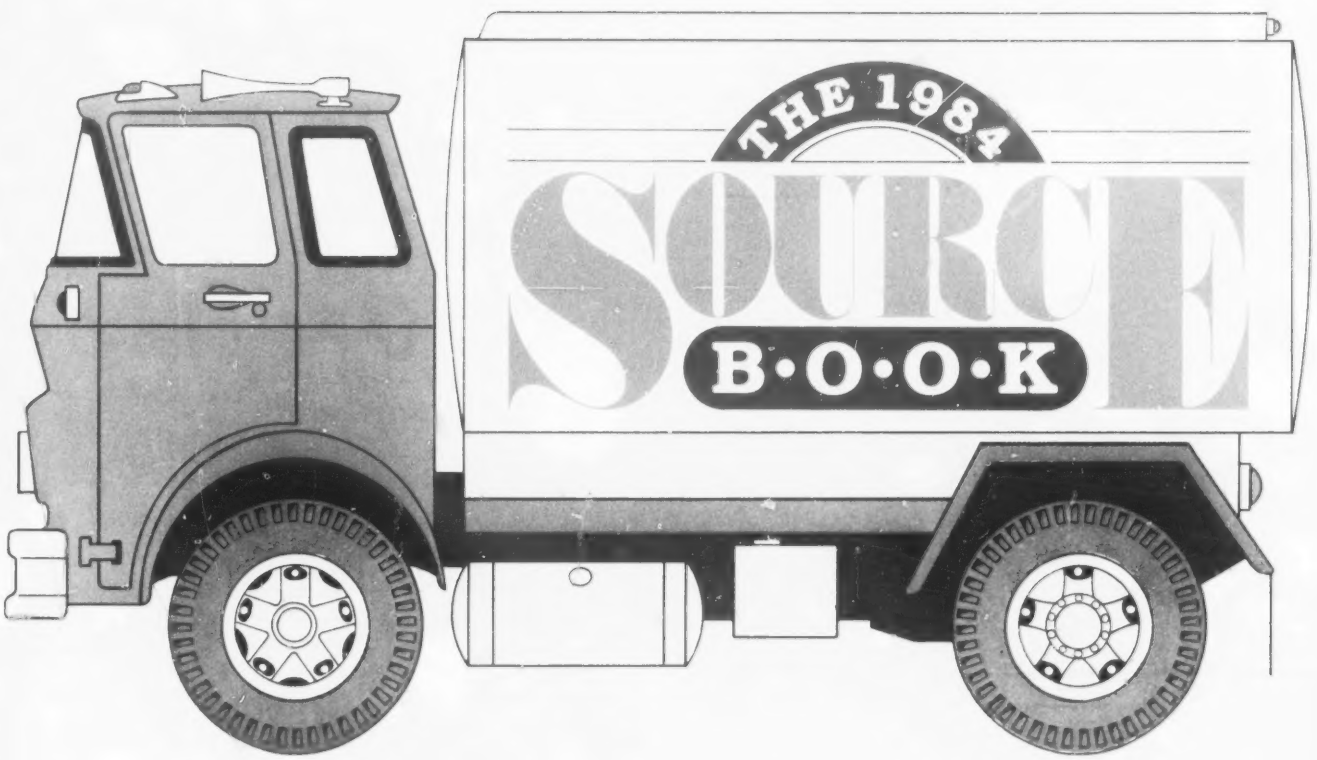
December, 1983

fuel oil news

The Largest Circulation Magazine of Oil Heating & Petroleum Handling



- **Petroleum Marketer Buyer's Guide**
- **Statistical Review of the Industry**
- **Industry Associations Directory**

fuel oil news

Serving the Industry Since 1935—December 1983/Volume 48/Number 12

1984 SOURCE BOOK

	Foreword
Dateline	
Futuresline	6
Newsline	10
Association Rollcall	18
Directory of national and regional petroleum marketing and allied groups.	
Annual Readership Study, Part I	24
Gallonage falls, diversification even more evident.	
Directory of Manufacturers	27
Alphabetical listing of suppliers.	
Annual Readership Study, Part II	31
Truck fleets, computer usage remains static.	
Oil Handling Directory	35
Products & services cross-referenced.	
Annual Readership Study, Part III	37
Optimism evident on equipment sales outlook.	
Heating & Cooling Directory	40
Products & services cross-referenced.	
Annual Readership Study, Part IV	41
Gas threat diminishes greatly.	
Accessories Directory	43
Products & services cross-referenced.	
Equipment/Literature	45
Strictly Personal	47
Classified Advertising	49
Advertisers' Index	50
Advertisers' Direct-Response Post Cards	51

Published by
Hunter Publishing Co., Inc.

Business/Advertising Offices:
950 Lee St.
Des Plaines, IL 60016
(312) 296-0770

Executive Staff:
Albert Joseph
President
Robert E. Yarbrough Jr.
Executive Vice President
William D. Straub
Publisher
Curtis C. Klinger
Publisher Emeritus
James J. Halloran
Editorial Director
Arthur L. Poehler
Circulation Director
Bryan O'Shaughnessy
Business Manager
Jean Robbins
Circulation Manager
Janelle Joseph
Manager of Reader Services

Editorial/Production Offices:
P.O. Box 360
(Salem Park—Rt. 22E)
Whitehouse, NJ 08888
(201) 534-4156

George Schultz
Editor
Thomas R. Byrley
Editor Emeritus
Omer Henry
Field Editor
Joel E. Davis
Contributing Editor
John O. Foland
Truck Editor

Affiliated Editorial Staff
Hunter Energy Network:

Marvin Reid
Editor, National Petroleum News
J. Richard Shaner
Executive Editor, NPN
Thomas Olson
Managing Editor, NPN
Donna Lawrence
Staff Reporter, NPN
Tim Grace
Staff Reporter, NPN

Cover:
As we have done for the past six years, we're starting the new year off a month early, with our annual directory/study issue. This year's Source Book has a new wrinkle, however. It is the first issue published under the banner of Hunter Publishing Co., *Fuel Oil News'* new owner. Our new leadership promises to provide many exciting capabilities to us, with 1984 being the start of what we hope is a new dedication to excellence. The entire staff of Hunter Publishing Co. hopes that the oil heating industry, and everyone associated with it, has a happy and prosperous new year! Cover design by Craig Reuter.

Fuel Oil News Magazine (USPS 345-770) is published 12 times per year by Hunter Publishing Co., 950 Lee St., Des Plaines, IL 60016, (312) 296-0770. Publication date is first of each month. Second class postage paid in Des Plaines, IL 60016 and additional mailing offices. Change of address: Send old label and new address with zip code to FUEL OIL NEWS, P.O. Box 360, Whitehouse, NJ 08888. Allow six weeks for changeover. Subscriptions: $11.00 per year; $20.00 for two years, in advance. Canadian subscriptions, $14.00 per year, $26.00 for two years. All other countries, $20.00 per year. Single or back copies, $1.00 per copy in U.S. and Canada, $2.00 elsewhere. Copyrighted 1983 by Hunter Publishing Co. All rights reserved. Reproduction in whole or in part without express written permission is prohibited.

Integrated Marketing An Industry Reality

Annual Industry Study
Part I

By George Schultz, Editor

Fuel oil dealers are probably suffering from "survey shock," as it seems that just about every organization concerned with petroleum marketing is surveying the marketplace lately. We've seen studies from NOJC, MEC, PMEF and various state associations, not to mention those conducted by various other publications serving oil marketers. *Fuel Oil News* has been doing an annual survey since 1978, so what follows is our sixth effort.

Along the way, we've tried to refine our statistical analyses in order to make the figures more accurate. Occasionally this causes sharp differences in certain figures year-to-year, which could lead to false conclusions if historical trends were attempted. Also, because the sample surveyed changes every year, variations occur which cause certain figures to fluctuate more than others.

What follows, then, is the result of many staff-hours compiling the returns from many hundreds of highly cooperative fuel oil marketers who took the time and effort to complete more than 190 questions about virtually every aspect of their business. Not only did these dealers provide the data requested, but in many cases they went out of their way to provide additional comments or explanations in an attempt to help us understand their responses.

Our sincere thanks go out to the dealers who assisted us in developing this survey, particularly since they have probably been inundated by survey requests from other segments of the industry.

An overview of this year's survey results demonstrates that diversification, and particularly the move to integrated petroleum marketing, is a reality within the fuel oil industry. More than 62% of our panel are now involved in gasoline marketing in some fashion (either retail

TABLE 1
Type of Petroleum Sold
(Percent of Readers)

	Fuel Oil	Gasoline
New England	94.3%	31.4%
Mid-Atlantic	100	54.3
South	100	80.0
Midwest	97.2	94.4
West	92.3	53.8
All Sections	*96.8%*	*62.8%*

TABLE 2
Average Size of Business

	No. Residential Fuel Oil Accts	No. C/I Customers	Vol. Distillate	Vol. Residual	Vol. Gasoline	No. Employees
New England	1029	42	1,092,600 gal.	30,000	746,800 gal.	9.9
Mid-Atlantic	2318	259	3,806,514	328,571	2,010,085	13.0
South	675	95	1,194,270	351,000	1,829,017	7.7
Midwest	433	52	971,657	304,161	1,341,460	6.9
West	1144	54	1,659,035	346,226	807,798	10.0
All Sections	*1120*	*100*	*1,744,815*	*271,978*	*1,347,032*	*9.5*

TABLE 3
Sources of Business Income
(Percent of Total Business Income)

FUEL OIL

	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	94.3%	*	14.2%	20.0%
Mid-Atlantic	94.3	*	17.1	40.0
South	85.0	10.0	25.0	45.0
Midwest	58.3	25.0	38.9	36.1
West	38.5	30.8	30.8	15.4
All Sections	*74.1%*	*13.2%*	*25.2%*	*31.3%*

GASOLINE

	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	20.0%	8.6%	11.4%	8.6%
Mid-Atlantic	34.3	17.1	20.0	17.1
South	40.0	35.0	40.0	20.0
Midwest	55.6	25.0	55.6	25.0
West	30.8	23.1	7.7	15.4
All Sections	*36.1%*	*21.8%*	*26.9%*	*17.2%*

*Less than .1%

TABLE 4
Petroleum Products Sold
(Percent of Total Volume)

	No. 2	*No. 1*	*No. 4*	*No. 5 & 6*
New England	71.5%	7.4%	3.8%	*
Mid-Atlantic	64.1	5.7	0.8	2.1
South	35.6	15.5	*	*
Midwest	31.6	4.3	0.4	3.0
West	58.7	6.7	*	*
All Sections	*52.3%*	*7.9%*	*1.0%*	*1.0%*
	No. 2 for Diesel	*Gasoline*	*LPG/LNG*	*Other*
New England	3.3%	14.6%	0.2%	0.1%
Mid-Atlantic	6.5	18.2	2.1	0.2
South	9.8	39.1	*	0.1
Midwest	17.2	41.2	0.4	1.4
West	21.3	13.1	*	*
All Sections	*11.6%*	*25.2%*	*0.5%*	*0.4%*

*Less than .1%

TABLE 5
Annual Heating Oil Sales by Types of Customers
(Percent of Total Customers Served)

	Private Homes	Apts.	Educ.	Hospitals	Commercial	Industrial
New England	78.9%	7.5%	1.0%	1.9%	6.4%	4.0%
Mid-Atlantic	84.1	4.8	1.0	0.9	7.2	1.6
South	73.1	1.4	1.8	0.3	16.5	6.4
Midwest	75.1	1.1	1.9	0.3	12.5	6.5
West	45.3	1.1	2.3	1.4	22.1	18.6
All Sections	*71.3%*	*3.2%*	*1.6%*	*1.0%*	*12.9%*	*7.4%*

TABLE 6
Average Drop in Gallons

	275 Gal. Tanks
New England	166.7
Mid-Atlantic	172.6
South	179.9
Midwest	172.4
West	155.7
All Sections	*169.5*
	550 Gal. Tanks
New England	345.0
Mid-Atlantic	345.4
South	377.8
Midwest	371.0
West	341.7
All Sections	*356.2*

TABLE 7
Percent of dealers trading on the futures markets

New England	8.6%
Mid-Atlantic	22.8
South	5.0
Midwest	2.8
West	*
All Sections	*7.8%*

*Less than .1%

or wholesale), which is just one percentage point above last year's figure (see Table 1). More revealing is the fact that just 74.1% indicate that retail fuel oil is the primary source of their income. This is eight points below last year, and correlates with the gain shown in the "secondary" column under retail fuel oil in Table 3. In 1982, just 8.8% said that retail fuel oil was of secondary importance to their business. This year, it's secondary to 13.2%. Retail gasoline marketing has become a primary source of business to more than 36% of the dealers surveyed, up five percent from 1982. The other significant change in Table 3 is in the bulk fuel oil category. In 1982, about 23.5% said this was a secondary source of income; this year more than 31% said so.

In case there is some confusion about Table 3, it must be pointed out that the percentages don't total 100% because many dealers considered various operations of equal importance.

For example, many checked off retail fuel oil and retail gasoline as primary sources of income and bulk fuel oil and bulk gasoline as secondary sources.

In Table 2, the average fuel oil dealer serves 1,120 residential fuel oil customers and 100 commercial/industrial accounts. Both these figures are down somewhat from our last survey—perhaps as much as one-quarter. Annual volume is down also, in all three categories. On the heating oil side, this is the result of a combination of fewer customers and a very mild winter of '82-83. The difference in the average gasoline gallonage between last year's figure (2.966 million) and this year is because we changed the computation in this category. As the figures demonstrate, dealers are selling almost as much gasoline as fuel oil, which is supported by Table 4. Before leaving Table 3, however, notice that the average number of employees is 9.5, down from 10.2 last year. This fluctuation, we believe, is one of those cases where sample variation is the culprit, rather than an ominous indicator of a slumping industry or the result of automation replacing people. While computers are being used effectively to improve fuel oil management and accounting, they haven't yet devised one that can drive a GMC or install a Carlin flame retention burner.

Well, on to Table 4. In it, we've shown what dealers said when we asked them what percentage of all petroleum products sold consists of the various products. No. 2 oil is still the mainstay, accounting to more than one-half of all petroleum product sold. But its share is dropping as dealers diversify into other areas. Last year, it accounted for 54.6% of the total, two percent more than this year. True, that difference isn't much, but for businesses calling themselves "oil heat marketers," there seems to be a lot more going on here than selling fuel oil. No. 1 (kerosene) accounts for nearly eight percent of total petroleum products, and No. 4, 5 and 6 take up another 3.4 percent. Add Lpg (0.5%) and "other," which includes asphalt, lubes, motor oil, etc., and you get less than one percent. Motor fuels, then, are a significant minority, accounting for 36.8% of all petroleum products sold by "fuel oil dealers." Regionally, New England saw a sharp rise in gasoline sales and corresponding drop in fuel oil as a percentage of total. Last year, No. 2 oil accounted for almost 80 percent of all petroleum products. That is down to 71.5% and gasoline sales jumped from 7.1% to 14.6% of overall.

Table 5 shows that private homes are still the backbone of the fuel oil dealer's business, but there is some shift to commercial and industrial accounts, based on last year's results. Private homes dropped

about seven percentage points from 1982, while commercial accounts now account for nearly 13% (up three points) and industrial 7.4% (up 2.6%). There was an additional category—"other"—which we omitted from Table 5 that is up somewhat this year. Agricultural accounts were the most often type placed in this category.

Table 6 has been labeled by some staff members as the "wishful thinking" question, judging from some of the replies. It seemed that replies to this question from dealers with computers were a lot more accurate—if not lower—than those from dealers who did not use computers in their operations. We had a number of answers—which were discarded—in the "250" range for 275-gallon tanks. Obviously, any dealer who could *average* 250 gallons to 275-gallon tanks was accomplishing the near-impossible (based on the 169.5 national average shown). It is evident that some dealers simply don't have any idea what their average drop is, which could be a mistake because their viability could depend on knowing, and indeed, improving this figure. Saying that they average 250 is just wishful thinking.

The final table in this section concerns futures trading. When our first survey appeared in 1978, futures trading of No. 2 oil on the New York Mercantile Exchange was just one month old. That was the first attempt to trade heating oil on the commodities market, and in the ensusing years it has become big business. Several exchanges, including the Chicago Board of Trade, now trade heating oil futures, and the so-called energy commodities have been enlarged to include gasoline, Lpg, and even crude oil.

Had we asked dealers if they dabbled in oil futures back in '78, the universal response would have been "what's an oil future?" Three years ago we decided to ask such a question, and the first year only one or two dealers said that they did trade futures. The following year, about one percent had become involved in the market, and last year, 4.7% said they had done so. This year, the figure has gone up to 7.8% nationwide, with almost one-quarter of the Mid-Atlantic dealers (22.8%) using the futures market to hedge prices and lock in product to insure profitability.

What do these figures mean? Well, it appears that despite industry optimism, the oil heating industry is still sluggish. The downward spiral does seem to have been reversed, however, and hopefully things will improve. Our survey continues on page 31.

NCOJA Releases Tri-Annual Statistical Study Results

The North Carolina Oil Jobbers Assn. recently completed its tri-annual statistical study. The study was conducted through the group's Industry Affairs Committee, and according to committee chairman Bob Cooper, some interesting statistics were generated.

The average number of employees per firm has increased for the past few years, while gallonage has leveled off and dropped in the case of heating oil.

Heating fuel losses as a result of conversions have leveled off, according to Don Ward, NCOJA executive vice president.

Highlights of the study appear below. For a copy of the full results, contact the North Carolina Oil Jobbers Assn., P.O. Box 30519, Raleigh, NC 27622.

1983 NCOJA SURVEY HIGHLIGHTS

	1983	1980	1977	1971
Average Number of Employees Per Firm	14.1	11.2	10.6	10.2
Average Number of Vehicles Per Firm	8.8	8.9	9.0	8.1
Average Gasoline Volume Annually	3,747,845	3,749,242	3,022,434	2,331,797
Average Fuel Oil Volume Annually	1,614,224	2,029,817	2,128,538	1,788,194
Firms Handling LP Gas (extrapolated count)	78	67	79	*NA
Average LP Gas Volume Annually	939,323	1,187,818	*NA	*NA
Average Number of Firms Selling Gasohol (extrapolating this would be 3 firms in 1983)	1	18	*NA	*NA
Number of Jobbers Selling by Metric, at one or more outlets	23	78	*NA	*NA
Number of Pumps Selling Gasohol—Statewide by extrapolation	8	203	*NA	*NA
Number of Pumps Selling by Metric—Statewide by extrapolation	60	3,315	*NA	*NA
Percentage of Sales at Stations				
Self Service	67.6	49.3	39.4	2.5
Full Service	32.4	50.7	60.5	97.5
Jobbers Total Motor Fuel Sales Percent Sold Through Class A Stations	29.7%	37.6	42.5	*NA
Average Salaries Paid Monthly				
Office Manager	$1,169	$ 990	$774	$540
Self-Service Pump (Cashier)	736	624	541	*NA
Clerk	808	677	543	*NA
Dispatcher	1,137	955	763	508
Outside Sales Rep.	1,159	1,060	793	*NA
Tankwagon Driver	976	845	657	468
Transport Driver	1,155	982	748	501
Burner Mechanic	1,117	944	671	503
Pump Mechanic	1,110	939	541	475
Station Manager (Base)	1,039	927	715	*NA
Average—All Employees—Monthly	1,041	894	675	487
Number of Firms Using Degree Day System	33%	40%	50%	*NA
Number of Firms in Heating Installation and/or service	69 (30%)	133 (38%)	107 (56%)	*NA

*NA Means Not Available

NOTE: We show "pumps" and jobbing firms handling gasohol and liter sales, not number of service stations.

Micros Most Popular; Truck Fleets Static

Annual Industry Study
Part II

Computer usage has not changed too dramatically since last year as might be expected. A bit less than half of all dealers use computers in one form or another, and the in-house minicomputer is the most popular choice among users.

Regionally, the Mid-Atlantic is the only area in which a majority of dealers use computers, as shown in Table A. Western dealers are next, followed very closely by New England. Midwestern dealers trail their peers, as they had last year. While the percentages in each have fluctuated, the trends continue.

Actually, minicomputer use is down somewhat from last year, losing some users to micros. The development of the so-called personal computer has received so much press that there isn't much point in repeating it here. Suffice to say that last year, only 9.5% of all dealers using computers had micros. This year, 26.8% use them.

Last year we said that there was only a handful of computer suppliers serving the fuel oil industry after a shakeout had left many by the wayside. Back in the mid-1970's, computer firms seemed to dominate the trade shows, but eventually their number diminished as technology changed and their products and/or services became less than state-of-the-art. Well, with the emergence of the micro as a viable tool for fuel oil dealers, and especially for dealers who could not afford the more expensive minicomputers or on-line services, a number of new faces have been seen at shows this past year offering microcomputer systems especially designed for petroleum marketers. We anticipate that this will continue and as computer literacy increases, we would not be surprised to see fuel oil dealers marketing computer packages they have developed themselves.

TABLE A
Percent of Fuel Oil Dealers using Computer Services

	Using EDP	Percent of Those Who Use Computers			
		In-House Mini	In-House Micro	On-Line Time Sharing	Batch
New England	45.7%	68.8%	31.3%	*	*
Mid-Altantic	60.6	45.0	15.0	25.0	15.0
South	40.0	62.5	37.5	*	*
Midwest	27.8	50.0	*	20.0	30.0
West	46.2	33.3	50.0	8.3	8.3
All Sections	*44.1%*	*51.9%*	*26.8%*	*10.7%*	*10.7%*

*Less than .1%

And while computers have become an important piece of equipment for the oil heating dealer, probably the most important is the fuel oil delivery truck. Without trucks, product wouldn't get into the customers' tanks, and the dealers would be out of business. For this reason, the fuel oil tank truck industry has been used by many as a barometer of the overall heating oil industry. Over the past few years, the tank truck industry has been extremely depressed, as has the heating oil business. This past year, however, truck tank manufacturers report a resurgence of business and the expectation that things will get back to the "good old days" soon. Dealers too have been optimistic this year, and feel that the mass exodus to other fuels is behind them. Gas prices are rising sharply and the rush to conversion has virtually stopped, so dealers are beginning to replace their worn-out rigs in anticipation of good times to come. Last year, about 25% of the dealers surveyed said they planned to buy a new truck in 1983. Another 7.5% said they were going to put a new tank onto an existing truck. If all that business came to pass, the tank truck industry would have had a banner year indeed. We certainly hope they did.

The average number of trucks per dealer remained about the same this year

TABLE B
Trucks Per Dealer

	Average No. Del. Trucks	Average No. Trailers	Average Size Largest	Average Size Smallest	Optimum Size Preferred
New England	3.8	0.6	2747	1929	2694
Mid-Atlantic	6.1	1.4	3347	2409	3072
South	4.2	1.0	2388	1467	2093
Midwest	3.2	0.9	2217	1712	1737
West	4.1	0.9	2840	1594	2550
All Sections	*4.3*	*1.0*	*2708*	*1822*	*2429*

Engines By Type

	Use			Prefer	
	Diesel	Gas	Both	Diesel	Gas
New England	17.1%	28.6%	48.6%	60.0%	34.3%
Mid-Atlantic	15.2	21.2	63.6	72.7	24.2
South	*	60.0	40.0	35.0	55.0
Midwest	6.0	51.5	42.4	52.5	48.5
West	15.4	30.8	46.2	46.2	38.5
All Sections	*10.7%*	*38.4%*	*48.2%*	*53.3%*	*40.1%*

*Less than .1%

TABLE C
Average Age Of Trucks

	Year Oldest	Year Newest
New England	1970.7	1978.0
Mid-Atlantic	1971.1	1978.7
South	1970.4	1977.2
Midwest	1971.4	1976.7
West	1967.6	1976.5
All Sections	*1970.2*	*1977.6*

Percent Buying This Year

	New Truck	New Tank Only
New England	20.0%	5.7%
Mid-Atlantic	18.2	12.1
South	30.0	10.0
Midwest	8.3	11.1
West	15.4	15.4
All Sections	*18.4%*	*10.9%*

TABLE D
Truck Tanks By Type

	Use			Prefer	
	Steel	Alum.	Both	Steel	Alum.
England	54.3%	2.9%	37.1%	28.6%	48.6%
Mid-Atlantic	36.4	9.1	51.5	27.3	66.7
South	55.0	10.0	35.0	45.0	55.0
Midwest	88.8	*	5.6	55.6	30.6
West	46.2	7.7	38.5	38.5	53.7
All Sections	*56.1%*	*5.9%*	*33.5%*	*39.0%*	*50.9%*

*Less than .1%

WEIL-MC LAIN SPORTSWEAR—A new line of quality sportswear is now available to identify Weil-McLain distributors, heating contractors and fuel oil dealers as high-efficiency heating specialists. The new line of sportswear, all in navy blue with an embroidered Heating Specialist emblem, features a variety of apparel: knit polo shirt; lined "campus" jacket with contrasting white stripes; lined and unlined windbreakers; pile-lined hooded jacket; guilted vest and jacket; and three styles of caps. For a full-color descriptive brochure and order forms, contact a Weil-McLain distributor or write Weil-McLain, Baline St., Michigan City, IN 46360.

TABLE E
Percent Using Two-Way Radios

New England	54.2%
Mid-Atlantic	78.8
South	60.0
Midwest	30.6
West	30.8
All Sections	*50.9%*

compared to the 1982 study. We estimate that the average is about 4.3 trucks-per-dealer (see Table B). Last year, it was 4.5. Dealers have an average of 1.0 (1.1 last year) trailers. The average size of the largest truck in the fleet is something over 2700 gallons; the average of the smallest is 1822 gallons. These figures are virtually identical to last year, as well they should be. There really isn't any reason for tank sizes to change dramatically in one year.

Diesels continue to be the choice, even though few dealers have diesel-only fleets. Most fleets consist of both diesel and gasoline trucks, and dealers prefer diesel 53% to 40%. This preference differs regionally, as it has in the past. While Mid-Atlantic dealers overwhelmingly prefer diesels, Southern dealers like gasoline trucks. New England dealers like diesels two to one, but in the other sections, the margin is less noticable.

Aluminum vs. steel tanks also show no changes from previous studies. Most dealers use steel tanks, with only about 5.9% having aluminum tanks only, as shown in Table D. A majority favor aluminum, however, although, again, this depends on a large extent on what section of the country you are surveying. In the Midwest, the majority prefer steel tanks.

In Table C, we see that the oldest truck in dealer fleets is approximately 13 years old. The newest rig is a 1977. These figures haven't changed since last year, which means that the average age of fleets has actually *increased*. It's a year later, but the trucks are the same age, so that means that dealers haven't upgraded their fleets much, despite optimism expressed by many. Fewer dealers plan to purchase a new rig next year than did our respondents on the 1982 survey. Just 18.4% said they would buy a new truck in 1984. More said they planned to replace a tank—10.9% this year.

Two-way radios are included in about half of all fleets, according to our survey. But as Table E shows, this fluctuates significantly on a regional basis. In the Mid-Atlantic, for example, more than three-quarters of dealer fleets are equipped with two-way radios, but only 30% of Midwestern and Western dealers use them.

No Changes Seen In Equipment Sales

Annual Industry Study
Part III

There hasn't been any tremendous shifts in the number of dealers who sell, install and/or service heating/cooling equipment, according to our study. The national average, detailed in Table I, stands at 51.4%. This is actually down three points from last year. If this were a Neilson survey, three points would mean millions for television advertising revenues, but in our survey, it doesn't mean much because it probably only represents a sample variation. As has been the case ever since our first survey, the New England and Mid-Atlantic dealers lead the way, with 82.2 and 94.2% of the dealers, respectively, involved in heating and/or cooling equipment in some way. The Midwest, as has been the case every year, is in last place in this department, with only 16.7% of the dealers responding indicating that they sell, install and/or service equipment.

TABLE I
Percent of Fuel Oil Dealers That Sell, Install and/or Service All Types of Heating/Cooling Equipment

New England	82.8%
Mid-Atlantic	94.2
South	25.0
Midwest	16.7
West	38.5
All Sections	*51.4%*

TABLE II
Trends of Equipment Sales Past 12 Months (Percent Reporting)

	Residential Up
New England	58.1%
Mid-Atlantic	53.5
South	*
Midwest	75.0
West	30.8
All Sections	*43.5%*
	Commercial Up
New England	16.1%
Mid-Atlantic	35.7
South	N/R
Midwest	*
West	N/R
All Sections	*10.4%*

*Less than .1%
N/R—Not Reported

TABLE III
Sources of Business Income (Percent of Total Business Income) HEATING EQUIPMENT

	Retail	Wholesale
New England	71.4%	11.4%
Mid-Atlantic	77.1	17.1
South	15.0	10.0
Midwest	13.9	2.8
West	30.8	7.7
All Sections	*41.6%*	*9.8%*
	A/C	**Other**
New England	17.1%	20.0%
Mid-Atlantic	28.6	25.7
South	10.0	5.0
Midwest	8.3	25.0
West	N/R	18.2
All Sections	*12.8%*	*18.8%*

N/R—Not Reported

TABLE IV
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	77.4%	19.4%	74.2%	61.3%	58.1%
Mid-Atlantic	72.7	24.2	57.6	63.6	50.0
South	N/R	N/R	N/R	N/R	N/R
Midwest	13.8	5.6	8.3	5.6	5.6
West	38.5	15.4	23.1	23.1	7.7
All Sections	*50.6%*	*16.2%*	*40.8%*	*38.4%*	*30.4%*

Commercial/Industrial

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	48.4%	9.7%	38.7%	35.5%	32.3%
Mid-Atlantic	71.4	25.0	46.4	60.7	35.7
South	N/R	N/R	N/R	N/R	N/R
Midwest	8.3	2.8	*	*	*
West	23.1	*	7.7	7.7	*
All Sections	*37.8%*	*9.4%*	*23.2%*	*26.0%*	*17.0%*

*Less than .1%
N/R—Not Reported

TABLE V
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Unitary A/C	Electric Resistance	Insulation	Solar
New England	12.9%	3.2%	6.5%	19.4%
Mid-Atlantic	15.2	12.1	3.0	10.7
South	N/R	N/R	N/R	N/R
Midwest	5.6	2.8	*	*
West	N/R	15.4	*	*
All Sections	*11.2%*	*8.4%*	*2.4%*	*7.5%*

Commercial

	Unitary A/C	Electric Resistance	Insulation	Solar	Refrigeration
New England	6.5%	3.2%	3.2%	3.2%	*
Mid-Atlantic	14.3	10.7	*	9.7	0.3
South	N/R	N/R	N/R	N/R	N/R
Midwest	2.8	*	*	*	*
West	*	*	*	*	*
All Sections	*5.9%*	*3.5%*	*0.8%*	*3.2%*	*

*Less than .1%
N/R—Not Reported

TABLE VI
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Furnaces	Warm Air Systems	Central Air Cond.	Heat Pump	Continuous Air Circulation
New England	77.4%	67.7%	19.4%	12.9%	6.5%
Mid-Atlantic	66.7	57.6	42.9	25.0	10.7
South	N/R	N/R	N/R	N/R	N/R
Midwest	13.8	5.6	5.6	2.8	*
West	30.8	23.1	*	23.1	7.7
All Sections	*47.2%*	*38.5%*	*17.0%*	*16.0%*	*6.2%*

Commercial

	Furnaces	Warm Air Systems	Central Air Cond.	Heat Pump
New England	35.5%	29.0%	9.7%	6.4%
Mid-Atlantic	57.1	35.7	29.0	22.6
South	N/R	N/R	N/R	N/R
Midwest	2.8	*	2.8	*
West	23.1	7.7	*	7.7
All Sections	*29.6%*	*18.1%*	*10.4%*	*9.2%*

*Less than .1%
N/R—Not Reported

TABLE VII
Average Number of Units Installed in Past 12 Months

Residential

	Burners	Boilers	Furnaces
New England	24.2	10.2	6.6
Mid-Atlantic	58.8	15.0	8.0
South	NR	NR	NR
Midwest	18.0	4.8	32.3
West	12.7	1.1	10.6
All Sections	*28.4*	*7.8*	*14.4*

Commercial

	Burners	Boilers	Furnaces
New England	0.9	0.7	0.6
Mid-Atlantic	1.2	1.0	0.8
South	NR	NR	NR
Midwest	NR	NR	NR
West	0.3	NR	0.2
All Sections	*0.8*	*0.6*	*0.5*

NR—Not Reported

Table VIII
The Service Department

	Have Service Depts.	Average No. Calls per Year	Value of Parts/Inventory	Service Dept. Profitable	No. of Technicians
New England	80.0%	1160	$17,191	50.0%	2.6
Mid-Atlantic	77.1	2565	37,868	51.9	6.2
South	15.0	916	5,500	10.0	1.3
Midwest	11.1	662	11,500	10.0	1.8
West	38.5	2020	27,000	60.0	3.6
All Sections	*44.3%*	*1465*	*$19,812*	*54.4%*	*3.1*

For those dealers who do handle equipment, sales have been up for more than 43%, as shown in Table II. In past surveys we had also shown how many reported sales were equal to the previous year and those who reported decreased sales, but we eliminated those questions this year for the sake of brevity. On the commercial side, more than 10% said that sales were up over the past 12 months.

Of all dealers surveyed, 41.6% said that retail heating equipment was a significant source of income. Some 9.8% said that wholesale heating equipment contributed to their business income, and 12.8% handled air conditioning. Again, the regional figures of Table III correlate to Table I in that the New England and Mid-Atlantic dealers were much more involved in equipment than their counterparts in other sections of the country. We also asked if there were other areas which contributed to business income, in addition to the sale of petroleum products and equipment. Some 18.8% said yes, and these ranged from pool servicing to lawn care to trucking to any one of a dozen or more other businesses, all designed to capitalize on the seasonality of the oil heating business.

Tables IV, V, VI and VII are all self-explanatory and show the percentage of dealers polled who handled the products specified. We've changed the computation in these tables so that the figures presented do not correlate with last year's results. The percentages relate to our total sample, not just those who sell and/or install and service equipment.

What percentage of dealers offer service? Well, some 44.3% have their own service in-house, according to the results shown in Table VIII. They handle an average of 1,465 service calls per year and keep more than $19,800 in parts inventory. For more than half of these dealers offering service, the department is profitable, and they employ 3.1 service technicians each, on average. As expected, New England and Mid-Atlantic are far and away the leaders in offering service. The Midwest is dead-last again, with the South not far ahead.

It is surprising that despite the constant pleading and cajoling on the part of various aspects of the oil heating industry that many dealers still refuse to offer service and/or equipment to their customers. Modern management techniques and high efficiency equipment can make installation/service profitable to dealers and is an excellent way to combat the utilities which often do not provide such service to consumers.

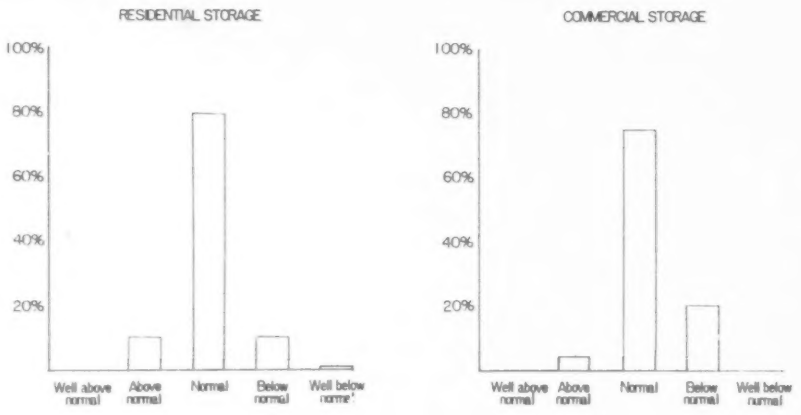
NOJC Survey Indicates Inventory, Storage Adequate

The confidence expressed by fuel oil dealers that there will be an abundance of heating oil this winter is bouyed by adequate inventories and bulkplant storage capacity, according to the "1983 Survey of Distillate Stocks," recently conducted by the National Oil Jobbers Council. Of the more than 100 dealers who responded to the NOJC questionnaire, more than 80% said that distillate inventory levels in residential/commercial storage were normal or above normal. As shown in Chart #1, just a handful indicated that inventory was below normal.

Bulkplant storage capacity is adequate for even a below-normal winter, the survey discovered. Some 90% of the dealers responding have 25,000 gallons of storage capacity or more. Almost half have at least 100,000 gallons, and 20% reported that storage capacity was 500,000 gallons or more.

Complete survey results can be obtained from NOJC at 1707 H St., NW, Washington, DC 20006.

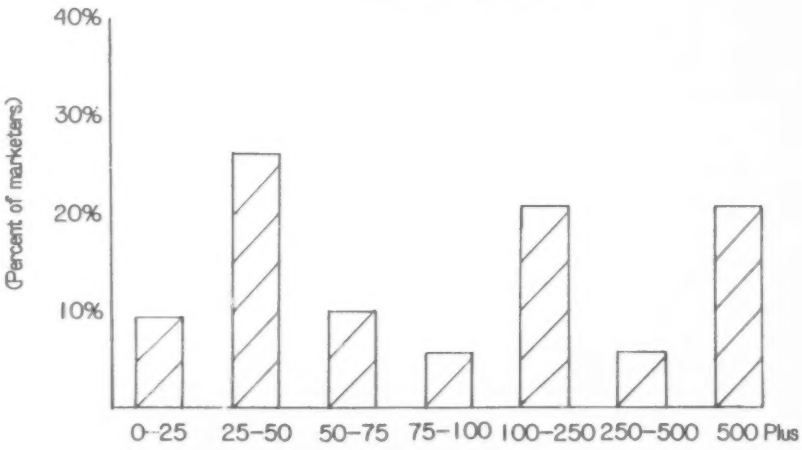
ESTIMATED LEVELS OF DISTILLATE INVENTORY IN RESIDENTIAL/COMMERCIAL STORAGE



Source: NOJC 1983 SURVEY OF DISTILLATE STOCKS

BULK PLANT STORAGE CAPACITY FOR #2 FUEL OIL

(Thousands of gallons)



Source: NOJC 1983 SURVEY OF DISTILLATE STOCKS

Gas Conversions Not a Major Threat

Annual Industry Study
Part IV

The slowing of gas conversions seen in our 1982 survey is again evident, as seen in Table *a* of our annual industry survey. While more dealers lost customers to gas heat, 69.5% this year vs. 58% last year, the average number of customer lost is just 10.3 this year, compared to 39 in 1982.

Slightly more consider gas a major threat to their survival than last year, 40.5% vs. 35%, although only 37.6% of all dealers surveyed are doing something to stop gas inroads.

About the same percentage as last year say they will make the actual conversion to gas if all else fails. These statistics vary considerably depending on region, and Mid-Atlantic dealers are much more agreeable to making the conversions than other dealers. They're also the ones who are feeling the competition more, as shown in the regional figures in Tables *a* and *b*.

Do dealers recommend equipment brands? Well, according to our survey, more than half do nationally, and this fluctuates by region. Because New England and Mid-Atlantic dealers are more heavily involved in equipment sales, it stands to reason that a greater percentage would recommend equipment by brand. As shown in Table *d*, a very high percentage of the dealers along the Eastern Seaboard do recommend by brand, and almost all of their customers follow their recommendation. Nationally, more than 86% of all customers follow dealer recommendations, a strong argument for manufacturers to develop a good working relationship with their retailers.

Home energy audits, an important topic a couple of years back, has not gained much support by dealers. Just 26.5% of all dealers reporting said they offer on-site energy audits, although New England and Mid-Atlantic dealers are far above this average. The details can also be found in Table *d*.

An important question which dealers ask each other at conventions and other gatherings is when to recommend boiler or furnace replacement, since this is a critical decision that is a principal reason for defections to other fuels. Most homeowners won't switch to gas if their oil heating equipment is operating o.k., but when it comes time to buy a new furnace or boiler, then that account is vulnerable. So we asked our panel when they recommended replacement, and the results are shown in Table *e*. The situation most often cited was when the unit was old and inefficient—a fuel hog. Next came the unit which had continuous problems, requiring regular house calls by the "service doctor." While the percentages in these categories have changed somewhat from last year, the rankings have not changed.

Are dealers looking for cheap merchandise that they can charge a lot for in

TABLE *a*
Percent of Dealers Losing Customers to Gas Heat

	Percent Losing Customers	Average No. Customers Lost
New England	42.1%	10.0
Mid-Atlantic	89.3	10.5
South	75.0	8.2
Midwest	63.2	14.2
West	77.8	8.7
All Sections	*69.5%*	*10.3*

Table b
Percent of dealers indicating gas conversions are a major threat to their business and what they're doing about it

	% Saying Gas is A Major Threat	% Taking Steps To Combat Gas	% Making Conversions To Gas
New England	36.8%	31.6%	10.5%
Mid-Atlantic	52.6	78.9	36.8
South	37.5	12.5	*
Midwest	42.1	31.6	10.5
West	33.3	33.3	11.1
All Sections	*40.5%*	*37.6%*	*13.8%*

*Less than .1%

Table c
Percent Indicating Major Factor in Brand Selection

	New England	Mid-Atlantic	South	Mid-West	West	All Sections
Combustion efficiency	59.7%	73.7%	29.2%	88.9%	33.3%	57.0%
Quality of construction	47.4	59.6	50.0	61.1	33.3	50.3
Ease of service	12.3	17.5	33.3	27.8	40.7	26.3
Low incidence of service requirements	22.8	15.8	20.8	*	*	11.9
Long warranty	15.8	1.8	16.7	16.7	*	10.2
Low retail price	7.0	12.3	*	*	7.4	5.3
Compactness	7.0	3.5	12.5	*	3.7	5.3
Durability	8.8	7.0	*	5.6	3.7	5.0
Quietness	7.0	1.8	12.5	*	*	4.3
High markup opportunity	1.8	7.0	*	*	*	1.8

*Less than .1%

Table d
Brand Name Specifications
(Percentage of dealers who recommend equipment replacements by brand)

	% Recommend Brand Name	% of Customers Following Recommendations	% offering on-site home energy audits
New England	84.2%	90.2%	47.4%
Mid-Atlantic	89.5	86.2	52.6
South	37.5	96.6	*
Midwest	26.3	65.0	10.5
West	44.4	96.0	22.2
All Sections	*56.4%*	*86.8%*	*26.5%*

*Less than .1%

order to maximize profits? Not according to Table *c*. Combustion efficiency is the fuel oil dealer's number one consideration in selecting the brand of heating equipment. As a matter of fact, just 1.8% indicated that high markup opportunity was a major factor in the decision. The rankings have changed somewhat since last year, although the first four have not changed.

We've added another table this year. Table *f* shows in greater detail dealer involvement in equipment, notably in selected products/markets. Note that more than 60% said they handled residential high efficiency oil burners and more than 55% handled thermostats. And although it has been said that the new construction market is dead with respect to oil heating equipment, evidently some 19.5% of our dealers didn't know that, so went out and sold equipment to new construction anyway.

Last, but certainly not least, we have Table (1), our annual effort to determine how well we are doing in providing the fuel oil dealer with the kind of information that is most helpful to operating his or her business. Evidently, we're doing pretty good, as evidenced from the support we received on this question. More than 70% said that *Fuel Oil News* was an important source of information, nearly three times more than any other publication serving the industry. That continuing support, in the face of an adverse business climate in the past few years, is encouraging. Our recent acquisition by Hunter Publishing Co. will help us to improve our editorial thrust and enable us to develop more in-depth coverage of all the major topics facing the industry. We're excited about our future, and from the results of the 1983 study, are encouraged about the future of the heating oil industry.

Table e
Percent Recommending Furnace/Boiler Replacement Under Following Conditions

	New England	Mid-Atlantic	South	Mid-West	West	All Sections
Operating with no problems, but old & inefficient	78.9%	84.2%	37.5%	21.1%	66.7%	57.7%
Furnace/boiler gives continuous problems	78.9	89.5	37.5	21.1	44.4	54.3
Boiler leaks	78.9	94.7	12.5	26.3	33.3	49.1
Furnace emits fumes	78.9	68.4	37.5	15.8	22.2	44.6
Furnace/boiler breaks down	57.9	57.9	25.0	10.5	33.3	36.9
Furnace/boiler is inefficient (but not necessarily old)	63.2	52.6	12.5	15.8	33.3	35.5
Homeowner objects to heating bills	47.4	47.4	*	21.1	55.6	34.3
Homeowner threatens to convert to another fuel	42.1	47.4	37.5	15.8	22.2	33.0

*Less than .1%

Table f
Percent Indicating Involvement in Selected Products/Markets

	New England	Mid-Atlantic	Midwest	South	West	All Sections
Residential new construction	47.4%	15.8%	10.5%	12.5%	11.1%	19.5%
Residential oil furnaces	94.7	100	31.6	50.0	66.7	68.6
Residential oil-to-gas conversion	15.8	31.6	10.5	—	—	11.6
Residential high efficiency oil burners	100	89.5	21.1	37.5	55.6	60.7
Residential gas furnaces	21.1	26.3	10.5	—	44.4	20.5
Residential vent dampers	31.6	42.1	10.5	—	11.1	19.1
Residential air conditioning	26.3	52.6	10.5	12.5	11.1	22.6
Residential thermostats	94.7	78.9	10.5	25.0	66.7	55.2

Table (1)
Industry Publication Most Helpful to Dealers in Operating Their Fuel Oil Business.

	New England	Mid-Atlantic	South	Midwest	West	All Sections
Fuel Oil News	80.0%	77.1%	70.0%	69.4%	61.5%	71.6%
Fueloil & Oil Heat	45.7	40.0	20.0	8.3	15.4	25.9
Nat'l. Petroleum News	11.4	28.6	35.0	22.2	23.1	24.1
Oil Week	2.9	20.0	15.0	9.4	*	11.5
Petroleum Equipment	14.3	*	10.0	11.1	15.4	10.2
The Lundberg Letter	2.9	8.6	10.0	5.6	7.6	8.9
Pet. Mktg. Mgmt.	2.9	5.7	10.0	8.3	7.7	6.9
Oil Daily	*	11.4	*	13.9	7.7	6.6
Other	1.7	14.3	5.0	8.3	*	5.9
Platt's Oilgram	2.9	5.7	*	5.6	*	2.8
Contractor	11.4	*	*	2.8	*	2.8
Snips	5.7	5.7	*	2.8	*	1.7

*Less than .1%